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CR-07-0087-WFN

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

UNITED STATES OF AMERICA,
Plaintiff,

vs.

FREDERICK MANFRED SIMON,
Defendant.

INDICTMENT

Vio: 18 U.S.C. § 1956(a)(2)(B)(i)
Money Laundering
(Counts 1-3, 5-6)

18 U.S.C. § 1343
Wire Fraud
(Counts 4, 7-13)

18 U.S.C. § 981(a)(1)(C)
and 28 U.S.C. § 2461
Forfeiture
(Count 14)

The Grand Jury charges:

THE DEFENDANT AND HIS BUSINESS

At all times material to this Indictment:

1. Defendant FREDERICK MANFRED SIMON owned and operated
Railway Logistics International, Inc.

2. Railway Logistics International, Inc., was incorporated in the State of
Montana in 2002 and was re-incorporated in the State of Delaware in 2004.
Railway Logistics International, Inc., was in the business of offering for sale
railway and industrial components and equipment.

INDICTMENT - 1

1 3. Railway Logistics International, Inc., maintained a checking account at
2 Bank of America in Spokane, Washington. Defendant FREDERICK MANFRED
3 SIMON and his father had signature authority on the business checking account.

4 THE SCHEME TO DEFRAUD: ADVANCE FEE SCHEME

5 4. Beginning on a date unknown to the Grand Jury, but not later than on or
6 about July 6, 2002, and continuing until at least on or about February 2, 2007, in
7 the Eastern District of Washington and elsewhere, defendant FREDERICK
8 MANFRED SIMON devised, and intended to devise, a scheme and artifice to
9 defraud and to obtain money by means of materially false and fraudulent
10 pretenses, representations, and promises involving the sale of railway and
11 industrial components and equipment.

12 5. It was a part of the scheme and artifice to defraud that defendant
13 FREDERICK MANFRED SIMON transmitted, and caused to be transmitted,
14 writings, signs, signals, and pictures by means of wire and radio in interstate and
15 foreign commerce for the purpose of executing the scheme and artifice to defraud,
16 in that the defendant had Railway Logistics International, Inc., maintain a website
17 that represented the company's ability to supply railway and industrial
18 components and equipment.

19 6. It was a further part of the scheme and artifice to defraud that defendant
20 FREDERICK MANFRED SIMON transmitted, and caused to be transmitted,
21 writings, signs, signals, and pictures by means of wire and radio in interstate and
22 foreign commerce for the purpose of executing the scheme and artifice to defraud,
23 in that the defendant used e-mail, telephone calls, and facsimile transmissions, and
24 caused customers to use e-mail, telephone calls, and wire transfers of funds, and
25 through these means the defendant would agree to sell railway and industrial
26 components and equipment; would collect money as partial or full payment from
27 the customers based on pretenses, representations, and promises that Railway
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INDICTMENT - 2

1 Logistics International, Inc., had the specific components or equipment available,
2 or had the ability to acquire the specific components or equipment; would fail to
3 deliver the components or equipment to the buyers; and would fail to refund the
4 money that the customers paid to Railway Logistics International, Inc., for the
5 components or equipment.

6 COUNT ONE

7 7. Paragraphs 1 through 6 of the Indictment are incorporated into Count
8 One by this reference.

9 8. On or about July 12, 2004, in the Eastern District of Washington and
10 elsewhere, defendant FREDERICK MANFRED SIMON did knowingly and
11 intentionally cause a monetary instrument and funds, in the amount of
12 approximately \$2,500, to be transmitted and transferred from a place inside the
13 United States, specifically, Spokane, Washington, to a place outside the United
14 States, specifically, Frankfurt, Germany, knowing that the monetary instrument
15 and the funds involved in the transmission and the transfer represented the
16 proceeds of some form of unlawful activity, and knowing that the transmission and
17 the transfer of the monetary instrument and the funds was designed in whole or in
18 part to conceal and disguise the location, the ownership, and the control of the
19 proceeds of specified unlawful activity, specifically, wire fraud in violation of
20 Title 18, United States Code, Section 1343, that the defendant committed by
21 making a material false representation to Instruser Company, of Miami, Florida, in
22 connection with the purported sale by Railway Logistics International, Inc., a
23 company that FREDERICK MANFRED SIMON controlled, of electric panels for
24 a locomotive, which the defendant did not intend to deliver; all in violation of
25 Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

COUNT TWO

9. Paragraphs 1 through 6 of the Indictment are incorporated into Count Two by this reference.

10. On or about July 21, 2004, in the Eastern District of Washington and elsewhere, defendant FREDERICK MANFRED SIMON did knowingly and intentionally cause a monetary instrument and funds, in the amount of approximately \$600, to be transmitted and transferred from a place inside the United States, specifically, Spokane, Washington, to a place outside the United States, specifically, Frankfurt, Germany, knowing that the monetary instrument and the funds involved in the transmission and the transfer represented the proceeds of some form of unlawful activity, and knowing that the transmission and the transfer of the monetary instrument and the funds was designed in whole or in part to conceal and disguise the location, the ownership, and the control of the proceeds of specified unlawful activity, specifically, wire fraud in violation of Title 18, United States Code, Section 1343, that the defendant committed by making a material false representation to Instruser Company, of Miami, Florida, in connection with the purported sale by Railway Logistics International, Inc., a company that FREDERICK MANFRED SIMON controlled, of electric panels for a locomotive, which the defendant did not intend to deliver; all in violation of Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

COUNT THREE

11. Paragraphs 1 through 6 of the Indictment are incorporated into Count Three by this reference.

12. On or about July 30, 2004, in the Eastern District of Washington and elsewhere, defendant FREDERICK MANFRED SIMON did knowingly and intentionally cause a monetary instrument and funds, in the amount of approximately \$500, to be transmitted and transferred from a place inside the

1 United States, specifically, Spokane, Washington, to a place outside the United
2 States, specifically, Frankfurt, Germany, knowing that the monetary instrument
3 and the funds involved in the transmission and the transfer represented the
4 proceeds of some form of unlawful activity, and knowing that the transmission and
5 the transfer of the monetary instrument and the funds was designed in whole or in
6 part to conceal and disguise the location, the ownership, and the control of the
7 proceeds of specified unlawful activity, specifically, wire fraud in violation of
8 Title 18, United States Code, Section 1343, that the defendant committed by
9 making a material false representation to Instruser Company, of Miami, Florida, in
10 connection with the purported sale by Railway Logistics International, Inc., a
11 company that FREDERICK MANFRED SIMON controlled, of electric panels for
12 a locomotive, which the defendant did not intend to deliver; all in violation of
13 Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

14 COUNT FOUR

15 13. Paragraphs 1 through 6 of the Indictment are incorporated into Count
16 Four by this reference.

17 14. On or about October 8, 2004, in the Eastern District of Washington and
18 elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
19 executing a scheme and artifice to defraud and to obtain money by means of
20 material false and fraudulent pretenses and representations, knowingly caused
21 Power Resources Limited, in Bowden, Cheshire, United Kingdom, to arrange for a
22 wire transfer in the amount of \$39,302.06, that traveled in foreign and interstate
23 commerce, from National Westminster Bank, in the United Kingdom, to an
24 account for Railway Logistics International, Inc., a company that FREDERICK
25 MANFRED SIMON controlled, at Bank of America in Spokane, Washington,
26 which represented full payment on diesel engine parts that Power Resources
27 Limited ordered through an exchange of e-mails and a telephone call from
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INDICTMENT - 5

1 FREDERICK MANFRED SIMON's company, but which FREDERICK
2 MANFRED SIMON did not intend to deliver; all in violation of Title 18, United
3 States Code, Section 1343.

4 COUNT FIVE

5 15. Paragraphs 1 through 6 of the Indictment are incorporated into Count
6 Five by this reference.

7 16. On or about October 8, 2004, in the Eastern District of Washington and
8 elsewhere, defendant FREDERICK MANFRED SIMON did knowingly and
9 intentionally cause a monetary instrument and funds, in the amount of
10 approximately \$30,000, to be transmitted and transferred from a place inside the
11 United States, specifically, Spokane, Washington, to a place outside the United
12 States, specifically, Frankfurt, Germany, knowing that the monetary instrument
13 and the funds involved in the transmission and the transfer represented the
14 proceeds of some form of unlawful activity, and knowing that the transmission and
15 the transfer of the monetary instrument and the funds was designed in whole or in
16 part to conceal and disguise the location, the ownership, and the control of the
17 proceeds of specified unlawful activity, specifically, wire fraud in violation of
18 Title 18, United States Code, Section 1343, that the defendant committed by
19 making a material false representation to Power Resources Limited, in Bowden,
20 Cheshire, United Kingdom, in connection with the purported sale by Railway
21 Logistics International, Inc., a company that FREDERICK MANFRED SIMON
22 controlled, of diesel engine parts, which the defendant did not intend to deliver; all
23 in violation of Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

24 COUNT SIX

25 17. Paragraphs 1 through 6 of the Indictment are incorporated into Count
26 Six by this reference.

27
28 INDICTMENT - 6

18. On or about October 13, 2004, in the Eastern District of Washington and elsewhere, defendant FREDERICK MANFRED SIMON did knowingly and intentionally cause a monetary instrument and funds, in the amount of approximately \$4,000, to be transmitted and transferred from a place inside the United States, specifically, Spokane, Washington, to a place outside the United States, specifically, Frankfurt, Germany, knowing that the monetary instrument and the funds involved in the transmission and the transfer represented the proceeds of some form of unlawful activity, and knowing that the transmission and the transfer of the monetary instrument and the funds was designed in whole or in part to conceal and disguise the location, the ownership, and the control of the proceeds of specified unlawful activity, specifically, wire fraud in violation of Title 18, United States Code, Section 1343, that the defendant committed by making a material false representation to Power Resources Limited, in Bowden, Cheshire, United Kingdom, in connection with the purported sale by Railway Logistics International, Inc., a company that FREDERICK MANFRED SIMON controlled, of diesel engine parts, which the defendant did not intend to deliver; all in violation of Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

COUNT SEVEN

19. Paragraphs 1 through 6 of the Indictment are incorporated into Count Seven by this reference.

20. On or about January 12, 2005, in the Eastern District of Washington and elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of executing a scheme and artifice to defraud and to obtain money by means of material false and fraudulent pretenses and representations, knowingly caused D and L Diesels, Limited, in Wigan, United Kingdom, to arrange for a wire transfer in the amount of \$10,881, that traveled in foreign and interstate commerce, from Yorkshire Bank in the United Kingdom, to an account for Railway Logistics

INDICTMENT - 7

1 International, Inc., a company that FREDERICK MANFRED SIMON controlled,
2 at Bank of America, in Spokane, Washington, which represented a partial payment
3 on diesel engine parts that D and L Diesels, Limited, ordered through an exchange
4 of e-mails and facsimile transmissions from FREDERICK MANFRED SIMON's
5 company, but which FREDERICK MANFRED SIMON did not intend to deliver;
6 all in violation of Title 18, United States Code, Section 1343.

7 COUNT EIGHT

8 21. Paragraphs 1 through 6 of the Indictment are incorporated into Count
9 Eight by this reference.

10 22. On or about March 15, 2005, in the Eastern District of Washington and
11 elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
12 executing a scheme and artifice to defraud and to obtain money by means of
13 material false and fraudulent pretenses and representations, knowingly caused
14 Codimo S.A., in Barcelona, Spain, to arrange for a wire transfer in the amount of
15 \$24,434.08, that traveled in foreign and interstate commerce, from Banco Popular
16 Espanol, in Spain, to an account for Railway Logistics International, Inc., a
17 company that FREDERICK MANFRED SIMON controlled, at Bank of America
18 in Spokane, Washington, which represented partial payment for fuel injectors, a
19 gasket, 64 fuel injector nozzles, and a test bench for fuel injectors that Codimo
20 S.A. ordered through an exchange of e-mails from FREDERICK MANFRED
21 SIMON's company, but which FREDERICK MANFRED SIMON did not intend
22 to deliver; all in violation of Title 18, United States Code, Section 1343.

23 COUNT NINE

24 23. Paragraphs 1 through 6 of the Indictment are incorporated into Count
25 Nine by this reference.

26 24. On or about March 29, 2005, in the Eastern District of Washington and
27 elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
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INDICTMENT - 8

1 executing a scheme and artifice to defraud and to obtain money by means of
2 material false and fraudulent pretenses and representations, knowingly caused
3 Consorcio de Ingenieria del Sureste S.A. de C.V., in Col. Napoles, Mexico, to
4 arrange for a wire transfer in the amount of \$19,213.19, that traveled in foreign
5 and interstate commerce, from ScotiaBank Inverlat S.A., in Mexico, to an account
6 for Railway Logistics International, Inc., a company that FREDERICK
7 MANFRED SIMON controlled, at Bank of America in Spokane, Washington,
8 which represented full payment on a component for a Mexican naval vessel that
9 Consorcio de Ingenieria del Sureste S.A. de C.V. ordered through an exchange of
10 e-mails and telephone calls from FREDERICK MANFRED SIMON's company,
11 but which FREDERICK MANFRED SIMON did not intend to deliver; all in
12 violation of Title 18, United States Code, Section 1343.

13 COUNT TEN

14 25. Paragraphs 1 through 6 of the Indictment are incorporated into Count
15 Ten by this reference.

16 26. On or about September 8, 2005, in the Eastern District of Washington
17 and elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
18 executing a scheme and artifice to defraud and to obtain money by means of
19 material false and fraudulent pretenses and representations, knowingly caused
20 Keno Corporation, in El Paso, Texas, which was acting on behalf of Aurora
21 Electric Motors, of Mexico, to arrange for a wire transfer in the amount of
22 \$16,500, that traveled in interstate commerce, from Chase Bank of Texas, in
23 Houston, Texas, to an account for Railway Logistics International, Inc., a
24 company that FREDERICK MANFRED SIMON controlled, at Bank of America
25 in Spokane, Washington, which represented partial payment on six electric motors
26 that Aurora Electric Motors ordered through an exchange of e-mails and telephone
27 calls from FREDERICK MANFRED SIMON's company, but which FREDERICK
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INDICTMENT - 9

1 MANFRED SIMON did not intend to deliver; all in violation of Title 18, United
2 States Code, Section 1343.

3 COUNT ELEVEN

4 27. Paragraphs 1 through 6 of the Indictment are incorporated into Count
5 Eleven by this reference.

6 28. On or about April 7, 2006, in the Eastern District of Washington and
7 elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
8 executing a scheme and artifice to defraud and to obtain money by means of
9 material false and fraudulent pretenses and representations, knowingly caused
10 Upstate Power Components, Clifton Park, New York, to arrange for a wire transfer
11 in the amount of \$3,000, that traveled in interstate commerce, from NBT Bank,
12 N.A., in Norwich, New York, to an account for Railway Logistics International,
13 Inc., a company that FREDERICK MANFRED SIMON controlled, at Bank of
14 America in Spokane, Washington, which represented partial payment on
15 locomotive parts that Upstate Power Components ordered through an exchange of
16 e-mails and a telephone call from FREDERICK MANFRED SIMON's company,
17 but which FREDERICK MANFRED SIMON did not intend to deliver; all in
18 violation of Title 18, United States Code, Section 1343.

19 COUNT TWELVE

20 29. Paragraphs 1 through 6 of the Indictment are incorporated into Count
21 Twelve by this reference.

22 30. On or about July 18, 2006, in the Eastern District of Washington and
23 elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
24 executing a scheme and artifice to defraud and to obtain money by means of
25 material false and fraudulent pretenses and representations, knowingly caused
26 Goltens Business, in Dubai, United Arab Emirates, to arrange for a wire transfer in
27 the amount of \$25,896.84, that traveled in foreign and interstate commerce, from
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INDICTMENT - 10

1 Standard Chartered Bank Limited, in the United Arab Emirates, to an account for
2 Railway Logistics International, Inc., a company that FREDERICK MANFRED
3 SIMON controlled, at Bank of America in Spokane, Washington, which
4 represented full payment on a crank shaft that Goltens Business ordered through
5 an exchange of e-mails from FREDERICK MANFRED SIMON's company, but
6 which FREDERICK MANFRED SIMON did not intend to deliver; all in violation
7 of Title 18, United States Code, Section 1343.

8 COUNT THIRTEEN

9 31. Paragraphs 1 through 6 of the Indictment are incorporated into Count
10 Thirteen by this reference.

11 32. On or about January 10, 2007, in the Eastern District of Washington
12 and elsewhere, defendant FREDERICK MANFRED SIMON, for the purpose of
13 executing a scheme and artifice to defraud and to obtain money by means of
14 material false and fraudulent pretenses and representations, knowingly caused
15 AmeriMex Motors and Controls, Inc., Houston, Texas, to arrange for a wire
16 transfer in the amount of \$19,500, that traveled in interstate commerce, from
17 Comerica Bank, Dallas, Texas, to an account for Railway Logistics International,
18 Inc., a company that FREDERICK MANFRED SIMON controlled, at Bank of
19 America in Spokane, Washington, which represented partial payment on traction
20 motors that AmeriMex Motors and Controls, Inc., ordered through an exchange of
21 e-mails from FREDERICK MANFRED SIMON's company, but which
22 FREDERICK MANFRED SIMON did not intend to deliver; all in violation of
23 Title 18, United States Code, Section 1343.

24 COUNT FOURTEEN

25 33. Upon conviction of one or more of the offenses that are alleged in
26 Counts One through Thirteen of this Indictment, defendant FREDERICK
27 MANFRED SIMON shall forfeit to the United States of America, pursuant to Title
28

1 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code,
2 Section 2461(c), any property constituting proceeds, or derived from proceeds,
3 obtained directly or indirectly as a result of the violations, including, but not
4 limited to, the following:

5 Money Judgment

6 A sum of money equal to \$164,417.17 in United States currency,
7 representing the amount of proceeds obtained as a result of the money
laundrying and wire fraud offenses.

8 If any of the above-described forfeitable property, as a result of any act or
9 omission of the defendant:

- 10 (a) cannot be located upon the exercise of due diligence;
11 (b) has been transferred or sold to, or deposited with, a third party;
12 (c) has been placed beyond the jurisdiction of the Court;
13 (d) has been substantially diminished in value; or
14 (e) has been commingled with other property which cannot be divided
15 without difficulty;

16 it is the intent of the United States, pursuant to Title 21, United States Code,
17 Section 853(p) and Title 28, United States Code, Section 2461, to seek forfeiture
18 of any other property of the defendant up to the value of the forfeitable property
19 described above.

20 DATED this 24 day of May, 2007.

21 A TRUE BILL

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24 
25 James A. McDevitt
United States Attorney

26 
27 Thomas J. Hopkins
Assistant United States Attorney

28 INDICTMENT - 12